

**MINUTES  
of the  
SECOND MEETING IN 2007  
of the  
WELFARE REFORM OVERSIGHT COMMITTEE**

**July 5 and 6, 2007**

The second meeting of the Welfare Reform Oversight Committee was called to order by Senator Linda M. Lopez, chair, on Thursday, July 5, at 10:45 a.m. at the State Capitol. Handouts are in the meeting file.

**Present**

Sen. Linda M. Lopez, Chair  
Rep. Luciano "Lucky" Varela, Vice Chair  
Sen. Clinton D. Harden, Jr.  
Sen. Gerald Ortiz y Pino  
Rep. Nick L. Salazar  
Rep. Jim R. Trujillo  
Rep. Shirley A. Tyler  
Rep. Gloria C. Vaughn

**Absent**

Sen. Sue Wilson Beffort  
Sen. Dianna J. Duran  
Rep. Antonio Lujan  
Sen. John Pinto

**Advisory Members**

Rep. Candy Spence Ezzell  
Rep. Daniel R. Foley  
Rep. Miguel P. Garcia  
Rep. Larry A. Larrañaga  
Sen. John C. Ryan  
Rep. Edward C. Sandoval

Sen. Ben D. Altamirano  
Rep. Steven P. Neville

**Staff**

Jennie Lusk  
Carrie McGovern

**Thursday, July 5**

**New Organization of Labor Programs—New Secretary's Report**

David Lucero, analyst with the Legislative Finance Committee, briefed the committee on the origins of the new Workforce Solutions Department (WSD), which was created by combining the former Labor Department and Office of Workforce Training and Development. He noted that the new department will have a unified budget in fiscal year 2008 and report one budget beginning fiscal year 2009.

Betty Sparrow-Doris, secretary, WSD, and Raymond Gonzales, deputy secretary, WSD, reviewed with the committee the organizational chart and noted that the agency had created a two-year strategic plan that was accepted by the state workforce development board (SWDB) on

June 22, 2007, required as a condition of receiving federal funds. The secretary noted that she has also created a transition team composed of employees of both the former agencies and created workgroups for professional services, business services, financial information, organizational components, state plans, administration and information technology.

Legislators expressed concern that the SWDB was on equal footing with the department in the organizational chart. The legislature should be able to hold the secretary ultimately responsible rather than having a board with final authority. Representative Varela said that he did not recall that the state board would have to approve a state department budget or unemployment compensation even though he sponsored the bill creating the department. Ms. Sparrow-Doris said that there is a plan to analyze the federal statute requiring workforce boards and House Bill 1280 creating the WSD to make sure the department complies with both.

Other questions revolved around the issue of the WSD's relationships with the Public Education Department (PED), Higher Education Department (HED) and Economic Development Department; plans for working with the business community; predicting labor force requirements and ensuring that New Mexico has a workforce able to meet the educational and other demands of business; and making sure that every business that wants a qualified worker has one. The secretary was asked to bring a plan for workforce education before the committee this interim, covering coordination between adult basic education and hiring programs. Discussion also concerned the 40% dropout rate in New Mexico schools, the need to prevent dropouts and re-engage them. Ms. Sparrow-Doris also discussed her two-pronged approach to improvements in workforce development: first, getting the data needed to predict gaps between jobs needed and skills available; and second, moving into the business community to ensure that people are well prepared. She promised that the legislators would see results.

Legislators required that the secretary summarize the one-stop shop plans, plans for on-site training and information technology. Senator Harden asked about the number of people engaged in business outreach and was told that the secretary anticipates hiring approximately five to seven persons, most of them in Albuquerque, to reach out to businesses. The senator emphasized that the SWDB does not have authority over the department and suggested the secretary discuss the matter with her legal counsel. He also asked how much of the approximately \$16 million will go to local boards for training versus going to the department for administration and was told that at least 70% must go to local boards for training.

The secretary was asked to return to the committee in November with a report on the following:

- \* her plan for education, coordinating workforce needs with the PED;
- \* the numbers of persons enrolled in job education versus classroom education;
- \* plans for preparing the workforce;
- \* the average anticipated cost for training; and
- \* the numbers of people served and trained.

She was also asked to ensure that someone from her department attends all Welfare Reform Oversight Committee meetings.

### **Higher Education**

Reed Dasenbrock, the new secretary of higher education, talked about his vision and the importance of education in the country's history, noting that the United States has led the world until recently in its percentage of educated citizens, in the inclusiveness and practicality of its educational system and in grounding education in the community. He said that there is no way for the country to regain its leadership role and move up from its eighth place position among industrialized countries in numbers of people who have attained an associate's degree or higher because it is so far behind. In fact, the country will continue to slide for some time, even though every degree of attainment translates to more income and more employability. The new secretary has in mind creating a statewide educational policy that draws students in, encourages them to stay and then graduates them.

Among the initiatives of the HED are a \$10 million program to serve the 22,000 persons who still need adult basic education, the "gear up" federally funded grant for \$18 million identifying seventh and eighth graders in low-performing schools and tracking them through college and a new workforce education department headed by Len Malry, formerly head of the Office of Workforce Training and Development.

The new secretary discussed the serious problem that more than one-half of students entering colleges in New Mexico require at least one remedial course and that numbers of students in remedial courses correlate with dropout rates. Legislation introduced last session would mandate a junior year assessment in math and English that would guide the coursework for students in the last three semesters of high school.

To encourage students to stay in school, the secretary is working on making schools more affordable—seeking more money for scholarships from the lottery, as well as continuing to increase funds in the College Affordability Act. He said work-study does not help with retention for students, but working on campus in a job related to a student's field does correspond with success. The secretary also wants to coordinate programs among New Mexico institutions of higher education so that every four-year college will automatically accept a student who holds an associate degree from a two-year institution, so that various universities offer courses on each other's campuses and so that each county has at least one center for educational services. Students need to be able to navigate among campuses more easily and to have their coursework transfer among campuses more easily.

Questions and comments included the need to coordinate with vocational education programs; the need for remedial courses; the virtues of online education; minimizing the urban-rural divide; and the need for a seamless education. Senator Ryan talked about associate degree programs in film and suggested creating "learning centers" that involve private industry in learning. The secretary voiced his support for requiring more algebra and common examinations at the high school level and the discrepancy in pay between adult basic education teachers and

other higher education faculty. Pam Etre Perez, director of adult basic education programs for HED, was in the audience, and when called upon, she reported that there currently is no salary scale for adult basic education teachers.

The secretary was asked to provide Representative Ezzell with a list of the "gear up" schools. In addition, he was asked to define his work with regard to the WSD in an action plan and to consider establishing a Native American council similar to the one that assists with PED. Secretary Dasenbrock said that the legislature was clear in its expectations for K-12 education and that a similar set of express priorities and requirements would be helpful for higher education. The secretary will be asked to provide to the committee with a report on the department, its goals and accomplishments by the committee's November meeting.

### **Minutes**

The minutes of the June 12, 2007 meeting were approved on a motion by Representative Varela seconded by Senator Harden.

### **Transition of the Northern Region**

Tracy Simpson, assistant director for the central New Mexico workforce area, and Katrina Vigil, assistant director of the New Mexico Works Program, testified with Sandra Corriveau from New Mexico State University (NMSU), which runs most of the state's workforce development programs. NMSU took over administration of the northern area as of July 1. It has been the administrator of the central area programs since 2006 and in the south since 1998. The program's clients are food-stamp eligible. In the northern area, however, NMSU will not be the service provider for temporary assistance for needy families (TANF) clients.

The presenters said they are trying to avoid any "hiccups" in service during the transition of services in the north. Current personnel are in place, and the new managers have hired all the case managers who were already working in the New Mexico Works Program. NMSU benefits are available to the staff, including annual and sick leave and retirement. Clients saw the same people on June 30 as they did July 1, when NMSU assumed control over the programs. Support staff is not entirely the same, and jobs are posted.

The new managers need to replace and upgrade the computers in Las Vegas, but they will continue to collaborate with the workforce training center.

The presenters said that the Las Vegas area poses a challenge since it has an average unemployment rate of 8.2%, more than twice the state average.

Questions included those concerning the decrease in the TANF population and particularly where dollars go if they are not spent. Last year, between \$3.8 and \$3.9 million was left unspent, reflecting savings in the number of full-time employees.

Representative Varela asked about virtual workforce centers with links to food stamp offices and the Human Services Department. Ms. Corriveau responded that there is an effort to

develop a "superlink" on the NMSU web site for users of such services, and she noted that there already is a web-based common application.

### **Friday, July 6**

#### **Human Services Department Report—Katie Falls**

Katie Falls, deputy secretary of HSD, reported to the committee's on several important issues. Her materials are in the meeting file.

Ms. Falls said that Representative Garcia's suggestion to reach out to churches to promote use of food stamps has been successful, and the department is working with the Mexican consulate to help distribute information on availability of food stamps. A governor's fellow has been tasked with outreach to the Catholic churches to put messages in the church bulletins on the importance of feeding one's family. In addition, Fred Sandoval, director of the Income Support Division of HSD, has been on the radio and the department has developed an ad celebrating the thirtieth anniversary of the food stamp program.

The food stamp supplement for the elderly passed during the past session should help seniors double their available cash for supplemental food purchases from \$10.00 to \$20.00. This year's additional appropriation is in the budget itself. Working with the Aging and Long-Term Services Department, HSD has helped to train outreach workers in senior citizen centers, where seniors are reluctant to take what they consider to be "welfare".

HSD has also made available \$500,000 to PED for school breakfasts and lunches.

The TANF program has received \$2 million in federal dollars for the New Mexico Works Program. The major impact of that program is that there is now a rule requiring 90% of all parents living in two-parent families to work. No state, Ms. Falls said, has ever met a 90% participation rate. The definition of "work activity" used to be left to states, but that has changed as of this year, too, so now fewer activities qualify and fewer employers are willing to comply with newly established documentation requirements in order to continue eligibility. Unlike last year at this time, education, hunting for a job or life skills classes no longer count for federal purposes as "work". Fewer employers are willing to take TANF clients on, Ms. Falls said, both because of these changes and because a great deal more documentation is required on all TANF recipients. The department's work plan submitted to the federal government has not yet been approved.

In order not to lose federal funding, the department has shifted some two-parent families to a program that is funded entirely with state funds. It has created the Works Plus Program to help get data on placement of TANF clients. There is also a job retention bonus program now in statute. Previously, job retention was a hidden incentive, but now people will know that they can earn a bonus for staying on the job. In April 2007, the TANF caseload was 13,560 households. Approximately 70% of those were exempt from work and were shifted to the New Mexico Works funding. Federal law requires that 50% of individuals with TANF benefits work full-time. In

New Mexico, 51.9% are working in the northern region; 42.1% in Colfax County and the far northeastern region; 42.1% in the central region that includes Bernalillo County; 39.2% in Roswell; and 47.7% in the southwestern region.

Ms. Falls asked Cathy Sisneros, bureau chief for the Work and Family Support Bureau of HSD, to brief the committee on the Low Income Home Energy Assistance Program (LIHEAP). Ms. Sisneros noted that the state gave \$6 million for the program in the past year. The same amount was passed by the legislature for fiscal year 2008, but that amount was vetoed.

The department is attempting to address legislators' concerns about the ability of propane users to benefit from the LIHEAP plan; consequently, it is tracking 256 vendors, 96 of whom currently receive LIHEAP. Only 12% of LIHEAP vendors are propane suppliers.

This summer, HSD is doing outreach to propane vendors and will have an RFP for a fiscal agent to manage a portion of the work. A moratorium on disconnects still exists, but it does not apply to propane users.

Senator Ryan said that the need for LIHEAP funds has not gone down, though appropriations have gone down significantly since the special session that appropriated \$23 million for LIHEAP. Representative Sandoval said that a subcommittee that studied LIHEAP funding last winter found that it would take \$100 million to make a real impact on utility affordability. Up to 15% of money appropriated can go to weatherization projects for LIHEAP customers. Representative Trujillo suggested that perhaps the definition of "utility" may need to change in order to address these and other problems.

Ms. Falls added that the department is doing streamlined eligibility so that if a person is eligible for TANF or food stamps, that person is presumptively eligible for LIHEAP funds.

Representative Varela asked Ms. Falls about federal money left unspent and whether it reverts to the federal government. Ms. Falls answered that the department can keep the funds, but must use them exclusively for cash assistance.

Discussion ensued on whether the utility affordability issue is a state or a federal issue. A full LIHEAP presentation will be scheduled for the August 1-2 meeting. The committee will consider whether LIHEAP is the best way to deal with affordability problems and examine other state LIHEAP approaches.

Ms. Falls continued with a presentation on new federal Deficit Reduction Act (DRA) provisions. She said that New Mexico avoided having a glut of TANF clients eliminated from the rolls by federal eligibility qualifications by delaying recertification. However, seven states implemented the federal requirements, and in all of those states, the number of TANF recipients was greatly reduced. The Department of Health has established a web portal so that people in New Mexico can get onto that portal whether or not they are born in New Mexico.

Ms. Falls also talked about Medicaid outreach, noting that the department, assuming that children are eligible, has automatically enrolled 5,780 children and has simplified the application process to parents, sending information in a self-addressed envelope, by making it easier for persons to get in to see an income support person and by simplifying recertification. Gail Evans, legal director of the New Mexico Center for Law and Poverty, spoke from the audience and asked that Representative Varela's joint memorial, requiring HSD to analyze its recertification processes, be implemented.

Senator Ortiz y Pino asked about the status of the Education Works Program and was told that it currently has 1,053 persons enrolled and that it is in the department's base budget. Next year, Education Works will be removed from the TANF "map". Other questions centered on the budgetary placement of the Navajo and Zuni TANF line items, the senior food stamp program and the child support income disregard. The new staff, Teresa Saavedra, who starts on July 16, will be scheduled for a later agenda.

### **Adjournment**

The committee adjourned at 12:00 noon.